

Message Text

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 4104

C O N F I D E N T I A L NEW DELHI 2494

EXDIS

FROM AMBASSADOR

E.O. 11652: GDS

TAGS: PFOR, IN, US

SUBJ: INDO-US-RELATIONS; PL 480, TITLE I

1. AS YOU ARE AWARE, POLITICAL RELATIONS WITH INDIA ARE NOT GOOD AND NO SIGN OF IMPROVEMENT. THERE HAS BEEN A DECISION TO DEFER TALKS ON DIRECT FINANCIAL AID BUT AS TO PL-480 TITLE I THERE IS A DECISION TO GO AHEAD WITH AN OFFER OF 400,000 TONS OF WHEAT AND 200,000 TONS OF RICE, ROUGHLY ONE HUNDRED MILLION DOLLARS.

2. THE FOLLOWING FACTORS SHOULD BE CONSIDERED.

A. INDIA HAS A BOUNTIFUL HARVEST, THERE IS INADEQUATE STORAGE FOR THE CURRENT CROP AND GOI HAS ANNOUNCED THAT IMPORTS WILL BE STOCKPILED. THIS MEANS STORAGE WHERE A 25 PERCENT LOSS TO RODENTS, INSECTS AND WEATHER CAN BE EXPECTED.

B. THE MONEY FROM THE SALE OF IMPORTED GRAIN (TITLE I) GOES DIRECTLY INTO GOI COFFERS. SENDING A CHECK AS GREAT BRITAIN HAS DONE WOULD HAVE THE SAME IMPACT ON INDIAN ECONOMY.

C. WITH PRESENT ATTITUDE OF GOI WE HAVE HAD NO CONTACT FROM GOI ON WHEAT OR RICE AND WE WILL HAVE TO
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TAKE THE INITIATIVE TO OFFER THE INDIANS FOOD GRAINS.

D. ANY SHIPMENTS UNDER TITLE I WILL NOT BE APPRECIATED BY THE GOI OR CHANGE OUR RELATIONSHIP FOR THE BETTER; IN FACT THERE IS EVERY REASON TO BELIEVE IT WILL BE RESENTED AS PAST SHIPMENTS HAVE BEEN.

E. SHIPMENT OF GRAIN INDICATES OUR ACCEPTANCE OF PRESENT STATE OF AFFAIRS IN INDIA AND ELIMINATES ANY LEVERAGE WE MIGHT HAVE TO QUIET THE ANTI-US ATTACKS OF THE PH
ARHJ ARGJNDLYNER CABINET.

3. INSISTANCE ON OUR PART OF PROCEEDING WITH GRAIN SHIPMENTS IN THE FACE OF THE ABOVE OBJECTIONS CAN ONLY INDICATE THAT OUR BUREAUCRATIC MACHINERY CONTINUES REGARDLESS OF OBVIOUS REASONS FOR SUSPENSION. IN OTHER WORDS "PASSIONATE FUNCTIONARIES FOR THEIR FUNCTION" WILL CRANK OUT THEIR MISSION WHEN GOOD SENSE INDICATES OTHERWISE. SURELY CONGRESS COULD NOT HAVE HAD SUCH A PURPOSE IN MIND.

4. TITLE II SHIPMENTS SHOULD CONTINUE; THIS IS A HUMANITARIAN EFFORT AND WE HAVE SOME CONTROL IN SEEING THAT THIS GRAIN GOES TO THE POOR. THE GOI GENERALLY RESENTS THIS CONTROL BUT CANNOT BRING THEMSELVES TO CUT OFF OUR FEEDING OF THIRTEEN MILLION HUNGRY PEOPLE.

5. MY RECOMMENDATION IS THAT WE LIMIT OUR EXPORTS TO THE HUMANITARIAN TITLE II EFFORT UNTIL SUCH TIME AS THE GOI INDICATES SOME INTEREST IN IMPROVING OUR RELATIONS.
SAXBE

NOTE BY OC/T: NEW DELHI 2494 PARA 2E AS RECEIVED.

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